HEXAGON

Climate Transition Plan

2025

Aligned with TCFD Recommendations · ESRS E1

Contents

Putting data to work for a sustainable world

49 $MtCO_2e$

Cumulative avoided emissions enabled for customers

-29%

Scope 1 and 2 reduction vs 2022 baseline

74.4%

Renewable electricity in operations (2025)

Net-Zero

SBTi-validated target by 2050

TCFD alignment index

This report is structured around the four pillars of the Task Force on Climate-related Financial Disclosures (TCFD), now incorporated within ESRS E1 and aligned with ISSB IFRS S2 standards. The table below maps each TCFD pillar to the relevant sections of this report.

TCFD pillar	Description	Report section(s)
Governance	Board and management oversight of climate risks and opportunities	Section 3: Governance structure and oversight
Strategy	Actual and potential impacts on business, strategy and financial planning; scenario analysis	Sections 2, 4.3, 4.4
Risk management	Processes for identifying, assessing and managing climate-related risks	Sections 4 and 5: Climate risks and Risk management
Metrics & targets	Metrics and targets used to assess and manage climate-related risks and opportunities	Section 6: Metrics, targets and reporting progress

Additional disclosures on decarbonisation pathways, innovation and stakeholder engagement are provided in Sections 7–10. Methodology and glossary appear in Section 11 (Appendix).

1. Introduction

Climate at a glance

2025 highlights

Hexagon's 2025 climate performance reflects a decisive shift from ambition-setting to systematic delivery across operations, the value chain and customer impact.

10 $MtCO_2e$
Avoided emissions enabled for customers in 2025

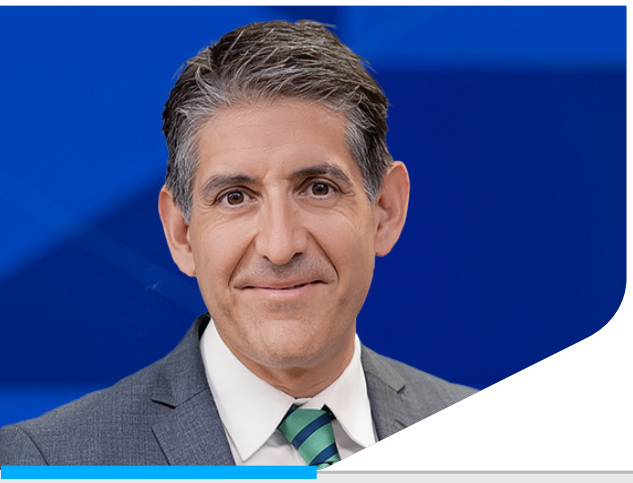
-18%
Scope 3 intensity vs 2022 baseline

-29%
Combined Scope 1 and 2 vs 2022 baseline

24,572
Employees completed training on CO_2

114
Supplier ESG audits conducted in 2025

74.4%
Renewable electricity share in operations



A message from our Chief Financial Officer

Dear stakeholders,

The urgency of the climate crisis has never been more apparent; nor has the imperative for meaningful action been stronger. From extreme weather events impacting global supply chains to the increasing regulatory and market demands for sustainable practices, climate change presents profound challenges – and equally profound opportunities. At Hexagon, we embrace this reality, recognising that our role as a global technology leader is not merely to adapt, but to actively support the transition towards a low-carbon, sustainable economy.

Our long-term climate vision is clear: to be an enabler of a net-zero economy, transforming vital industries through our sensor, software, and autonomous technologies. This commitment is deeply embedded in our corporate strategy, aligning our ambitions with the Paris Agreement's 1.5 °C goal. We are proud to have validated our short- and long-term greenhouse gas (GHG) emissions reduction targets with the Science Based Targets initiative (SBTi), reinforcing the scientific rigour and credibility of our decarbonisation roadmap.

2025 marked a year of accelerated progress and significant milestones in our climate journey:

- Operational decarbonisation: We reduced Scope 1 emissions by 6% and Scope 2 (market-based) emissions by 40% compared to FY2024, alongside a 29% reduction in combined Scope 1 and 2 emissions versus our 2022 base year. Total Scope 3 emissions intensity improved by 18% against the 2022 baseline. Our renewable electricity share rose to 74.4% of total consumption – a substantial step towards 100% by 2027.
- Enabling customer impact: Our solutions play a critical role in supporting customers to reduce their environmental footprint. Our Avoided Emissions Framework is fully implemented. Within our Avoided Emissions Framework, Hexagon's solutions enabled customers to avoid 10 million tonnes of CO_2e in 2025 alone, bringing cumulative historical avoided emissions to 49 million tonnes.
- Strategic value chain action: Through our Supplier Engagement Programme, 114 suppliers were audited on ESG-related topics.

This report, structured in alignment with TCFD recommendations, provides a transparent overview of how we integrate climate-related risks and opportunities into our governance, strategy, risk management, and performance metrics. It details our ongoing efforts to decarbonise our operations, empower our customers with sustainable solutions, and drive continuous innovation in green technologies.

As we look ahead, Hexagon remains committed to sustained investment in research and development (R&D), scaling the impact of our R-evolution initiatives, and deepening collaboration with customers, suppliers, and partners. We believe that by putting data to work, we can not only meet our ambitious climate targets but also accelerate the global transition towards a truly sustainable future.

Sincerely,
Enrique Patrickson
Chief Financial Officer, Hexagon AB

Hexagon's climate vision and ambition

Our long-term climate vision

Hexagon envisions a future where our technology plays an indispensable role in accelerating the transition to a low-carbon, sustainable economy. Our strategic contributions will manifest across two interconnected pillars:

Pioneering industrial decarbonisation and efficiency: We envision a future where every vital industry leverages Hexagon's sensor, software, and autonomous technologies to reduce emissions and resource consumption. Our solutions will be the catalyst for intelligent manufacturing, optimised infrastructure development, and efficient mobility, enabling our customers to operate at peak productivity while reducing their environmental footprint.

Advancing environmental intelligence and climate resilience: Our vision extends to empowering a world more resilient to climate change through unparalleled environmental intelligence. Hexagon will be at the forefront of providing the solutions – from comprehensive geospatial platforms to digital twins of natural ecosystems (like Green Cubes) – that enable precise monitoring, predictive analytics, and informed decision-making for climate adaptation and long-term resilience planning under multiple climate scenarios.

Hexagon's vision is underpinned by our own science-based commitment to reach net-zero greenhouse gas emissions across our value chain by 2050, based on a 2022 baseline and validated near- and long-term targets aligned with the 1.5 °C ambition of the Paris Agreement.

Hexagon's role in a low-carbon, sustainable economy

Hexagon plays a pivotal role in enabling a low-carbon, sustainable economy through our internal operations and, significantly, our innovative solutions that empower our customers.

Decarbonisation enabler: We provide data-driven solutions that help industries significantly reduce their carbon emissions – from optimising manufacturing processes to minimise scrap and energy consumption to enabling the efficient design of sustainable industrial facilities.

Accelerating renewable energy: Our geospatial platforms and digital twin technologies are instrumental in identifying optimal locations for renewable energy infrastructure, such as wind farms and solar installations, and improving operational efficiency.

Resource management and circularity: Our operations seek the sustainable management of resources by enhancing precision, reducing waste, and extending product lifecycles through repair and refurbishment programmes such as the Leica Geosystems Certified Pre-Owned Equipment Centre (CPEC).

Climate adaptation and resilience: Hexagon's technologies aid cities and infrastructure in predicting and responding to environmental changes, improving preparedness for extreme weather events, and enhancing public safety through advanced monitoring and emergency response systems.

Purpose of this report

This Climate Transition Plan provides a dedicated and comprehensive account of Hexagon's climate strategy, performance, and long-term transition pathway.

While climate-related disclosures are incorporated within our 2025 Annual and Sustainability Report in accordance with ESRS E1, this document serves a distinct purpose. It presents a strategic, integrated narrative of how Hexagon is managing climate-related risks and opportunities, delivering on its science-based targets, and strengthening resilience across its operations and value chain.

Aligned with the TCFD recommendations – now embedded within ESRS requirements – this report explains not only what we disclose but also how climate considerations shape governance, capital allocation, innovation, procurement, and portfolio development.

2. Climate strategy

Climate action is a fundamental pillar of Hexagon's sustainability strategy, deeply integrated into our business model and operations. As a global technology leader combining sensor, software, and autonomous technologies, our commitment extends beyond minimising our environmental footprint; we are dedicated to measuring what matters and enable a low-carbon, sustainable economy.

Business model and value chain

Hexagon's business model revolves around putting data to work to enhance efficiency, productivity, quality, and safety across diverse applications including industrial manufacturing, infrastructure development, public sector management, and mobility solutions. Our value chain encompasses upstream operations (suppliers of raw materials, components, and cloud infrastructure), our operations (hardware assembly, software development, data centres), and downstream operations (customer use of our solutions and end-of-life management). We recognise that climate impacts occur across this entire chain, and our strategy addresses each segment.

Alignment with global frameworks

Hexagon is deeply committed to aligning its climate action with leading global frameworks and goals. We are a signatory to the United Nations Global Compact (UNGC). Our climate strategy is firmly aligned with the Paris Agreement's goal of limiting global warming to 1.5 °C, and our GHG reduction targets have been approved by the Science Based Targets initiative (SBTi). Our efforts directly contribute to several UN SDGs, particularly SDG 13 (Climate Action), SDG 12 (Responsible Consumption and Production), and SDG 7 (Affordable and Clean Energy). Our Sustainability Statement is prepared in accordance with ESRS E1 under the Corporate Sustainability Reporting Directive (CSRD).

Our three strategic pillars for climate action

Pillar 1

Decarbonising operations

Reduce Hexagon's own Scope 1 & 2 footprint through energy efficiency, 100 % renewable electricity by 2027, EV fleet transition, and cloud optimisation.

Pillar 2

Empowering customers

Enable customers across industries to achieve their own climate goals through our sensor, software and autonomous solutions, quantified via the Avoided Emissions Framework.

Pillar 3

Driving innovation

Invest in R&D and green-tech (R-evolution) to develop next-generation climate-resilient solutions, embedding ESG criteria into our product innovation process.

Pillar 1: Decarbonising operations

Facility improvement programmes: Enhancing resource efficiency and reducing energy consumption across our global facilities, often through ISO 14001-certified environmental management systems. Hexagon has achieved a 24% reduction in power consumption versus the 2022 baseline.

Renewable energy programme: Systematically increasing the active annual sourcing and production of renewable electricity, with a target of 100% by 2027. In 2025, renewable electricity reached 74.4% of total consumption – up from 34.8% in 2022.

EV fleet management: Transitioning our company car fleet towards electric vehicles to reduce Scope 1 emissions, with 13.1% EVs achieved in 2025 and a target of 90% by 2030.

Minimising cloud carbon emissions: Optimising cloud computing and storage utilisation and sourcing green energy for our digital infrastructure. Hexagon engages with major cloud providers to map and reduce unnecessary consumption.

Pillar 2: Empowering customers

Avoided Emissions Framework: Fully implemented in 2025 in accordance with WBCSD guidance, this framework quantifies the positive climate impact our solutions deliver for customers. In 2025, key components enabled 10 $MtCO_2e$ of avoided emissions; the cumulative total reached 49 $MtCO_2e$.

Smart manufacturing technologies: Metrology tools, 3D scanners, and simulation software optimise designs, reduce material use and waste, and lower energy consumption.

Geospatial solutions: Enabling resource management, decision-making, and construction efficiency with reduced waste and lower carbon emissions.

Autonomous solutions: Precise positioning and location intelligence enabling safe and secure operations with lower risk of incidents and improved fuel efficiency.

Pillar 3: Driving innovation

ESG criteria in the design process: Embedding sustainability considerations and lifecycle assessments into our product innovation process (HIP) from the earliest stages.

R-evolution: Our green-tech business subsidiary investing in and scaling solutions for clean water (desalination), renewable energy (solar PV), and biodiversity protection (Green Cubes, seagrass meadows).

Digital twin technology and AI analytics: Advancing capabilities to optimise energy use, reduce waste and emissions, and enhance predictive climate risk management.

Environmental targets and commitments

Hexagon's commitment to climate action is anchored by a set of ambitious, science-based targets validated by SBTi, ensuring alignment with the 1.5 °C pathway of the Paris Agreement.

Science-Based Targets (SBTi Validated)

Net-Zero Target	Near-Term Targets		Long-Term Target
All Scopes	Scope 1 & 2	Scope 3	Scope 3
Absolute	Absolute	Intensity (per EUR value added)	Intensity (per EUR value added)
Net-Zero reduction	70% reduction	51.6% reduction	97% reduction
2022 base year	2022 base year	2022 base year	2022 base year
2050 target year	2030 target year	2030 target year	2050 target year

Interim Targets

Interim Target	Target	Base Year	Target Year
Renewable electricity sourcing	100%	34.8% in 2022	2027
Supplier SBTi coverage (by spend)	50% of suppliers	-	2028
EV share of company car fleet	90%	5% in 2022	2030
Logistics CO_2 reduction	-20%	2022	2027
Circular product sales	Doubled	2022	2027

Key climate performance indicators

Hexagon's commitment to climate action is rigorously tracked through a comprehensive set of KPIs. The data below reflects our performance against strategic targets, with FY 2025 data reflecting the first full year of delivery against SBTi-validated roadmaps.

GHG emissions

GHG emissions (tCO_2e)	FY 2022 (Base year)	FY 2023	FY 2024	FY 2025	vs 2022 base
Scope 1 (Direct emissions)	14,561.7	14,251.8	15,032.6	14,153.9	-6%
Scope 2 (Market-based)	37,100.6	31,929.5	30,972.7	18,540.6	-40%
Scope 1 + 2	51,662.4	46,181.3	46,005.3	32,694.5	-29%
Scope 3 - Total (absolute)	349,331.2	359,804.9	357,878.2	295,039.7	-18%
Scope 3 intensity (tCO_2e/MEUR)	67.7	66.2	66.3	54.4	-18%

Energy & resource KPIs

KPI	Unit	FY 2022	FY 2023	FY 2024	FY 2025
Total energy consumed	MWh	122,058.8	111,285.5	111,418.1	104,290.7
Energy intensity ratio	MWh/MEUR	23.7	20.5	20.6	19.2
Total electricity consumption	MWh	102,995.9	90,194.9	82,340.0	78,468.1
Renewable electricity share	%	42.2	46.2	49.0	74.4
EV share of company car fleet	%	3.9	6.9	12.6	13.1
Total hazardous waste generated	MT	264.8	159.5	38.5	176.7
Water consumption	m^3	221,482.8	240,640.1	232,695.8	205,073.8

3. Governance structure and oversight

At Hexagon, the integration of climate-related risks and opportunities into our governance framework is fundamental to our strategic decision-making. Our governance structure ensures that climate action is embedded across all management levels, from the Board of Directors down to operational functions, and is aligned with ESRS E1 under CSRD.

Roles and responsibilities

Governance body	Climate responsibilities
Board of Directors	Ultimate responsibility for sustainability strategy and ESG governance, including climate. Informed at least quarterly; approves major changes to the sustainability framework and ESG targets.
Audit Committee	Oversees sustainability risks and opportunities of strategic importance, monitors climate disclosures prepared per ESRS, and reviews climate data subject to external assurance. Met 6 times in 2025.
Chief Financial Officer	Operational responsibility for sustainability; reports directly to the Board; oversees the Sustainability Department; ensures climate matters are integrated into management processes.
ESG Steering Committee	Cross-divisional body that discusses company-wide material topics including climate, prioritises initiatives, and proposes investments to the Executive Leadership Team.
Divisional Sustainability Councils	All relevant sustainability topics – including CO_2 reduction targets – are reviewed in Quarterly Business Reviews (QBRs) for all Hexagon business areas.
Head of Sustainability	Leads the Sustainability Department; responsible for defining and implementing the group's sustainability strategy, including net-zero roadmap and carbon reduction initiatives.

Executive compensation link

Hexagon has incorporated climate performance metrics into the compensation and incentive schemes of senior leaders. The key metric linked to the annual bonus is the year-on-year absolute reduction in Scope 1 and 2 carbon emissions, measured in tonnes of CO_2e. The targeted annual reduction follows the trajectory required to meet Hexagon's 2030 CO_2 reduction goal.

Management's role in assessing and managing climate risks and opportunities

Climate-related information flows systematically through Hexagon's management structure to ensure the Board receives comprehensive and timely updates:

- The Sustainability Department gathers detailed data on climate performance, including progress against targets and the impact of initiatives.
- The Head of Sustainability regularly reports to the CFO and presents updates to the Executive Leadership Team at quarterly business reviews (QBRs), where divisional progress on CO_2 reduction targets is a key discussion point.
- At each Board meeting, a member of the Executive Leadership Team presents ESG progress updates, including new initiatives, emerging risks, and progress against metrics and targets.
- The Board is informed about all relevant sustainability and climate topics at its meetings (at least quarterly), allowing it to maintain ultimate responsibility and review progress.

Alignment with TCFD recommendations

Hexagon is committed to transparent disclosure of its approach to climate-related risks and opportunities, in line with TCFD recommendations. Following the incorporation of TCFD into ISSB Standards and the introduction of ESRS under the CSRD, our disclosures now align with both global and European reporting requirements, ensuring consistency, comparability, and regulatory coherence. The TCFD Alignment Index on Page 4 of this report maps each pillar to the relevant sections.

Integration of climate risks into enterprise risk management

Hexagon systematically integrates climate-related risks and opportunities into its Enterprise Risk Management (ERM). This process begins with our Double Materiality Assessment (DMA), which considers both the financial impact on Hexagon (financial materiality) and Hexagon's impact on people and the environment (impact materiality). This assessment, refined annually, is key to identifying material topics including ESRS E1 (Climate Change Mitigation and Adaptation).

The DMA involves surveys, workshops, and interviews with internal and external stakeholders to assess actual and potential positive or negative effects across short- (0–5 years), medium- (5–15 years), and long-term (15–25 years) horizons. Climate risks – including stricter regulations, increased energy costs, and supply chain disruptions from extreme weather – are thoroughly identified, assessed, and integrated into Hexagon's broader risk management processes, overseen by the Audit Committee and ESG Steering Committee.

Stakeholder engagement on climate issues

Investors/shareholders: Engaged through regular Hexagon-specific meetings, seminars, and the DMA process. The purpose is to provide transparency on ESG performance, manage risks, and refine disclosures in line with global standards.

Customers: Central to our climate strategy, as our solutions enable their decarbonisation journeys. Engaged through industry events, customer engagement programmes, and User Group meetings. The Avoided Emissions Framework was developed in direct response to customer demand for quantified climate benefits.

Regulators and policymakers: Engaged through seminars, events, and participation in guidance committees to ensure compliance with evolving climate laws (CSRD, ESRS, TCFD) and to proactively adjust strategies.

Technology and R&D partners: Collaborative working groups and technical function groups facilitate co-development of sustainability-driven products that address complex climate challenges.

4. Climate-related risks and opportunities

Hexagon's strategic approach to climate action encompasses a thorough understanding and proactive management of both climate-related risks and the significant opportunities arising from the global transition to a low-carbon economy. Our Double Materiality Assessment (DMA) is instrumental in identifying these impacts across short-, medium- and long-term time horizons.

Identified risks

Transition risks

Risk category	Description	Time horizon	Potential impact
Policy & legal	Tougher carbon policies and stricter regulations may increase compliance costs for manufacturing operations and logistics. Anticipated carbon pricing (e.g., in Switzerland) may add cost to Scope 1 activities.	Short–Medium	Cost increase; capex for decarbonisation
Technology	The need for continuous innovation to keep pace with disruptive low-carbon technologies poses risk if Hexagon fails to adapt its R&D roadmap.	Medium	Competitive disadvantage
Market	Failure to meet evolving customer demand for low-carbon solutions could impact competitiveness. Increased energy costs (driven by AI, cloud, and manufacturing demand) could reduce margins if unmanaged.	Short–Medium	Revenue risk; margin compression
Reputation	Poor climate performance could reduce employer attractiveness, increase investor concerns, and result in legal exposure linked to broader ESG practices.	Short	Brand and capital access risk
Supply chain	Stricter regulations on shipping and transportation could increase Scope 3 costs. Hardware production relies on raw materials with environmental impacts that face increasing regulatory and market pressure.	Short–Medium	Cost and supply reliability risk

Physical risks

In 2025, Hexagon conducted a climate change resilience analysis aligned with the TCFD recommendations to assess how climate-related physical risks could affect operations and the wider value chain. Physical risks were assessed at the site level across 100 locations (81 Hexagon sites and 19 key supplier sites, selected based on strategic relevance and spend exceeding EUR 5 million).

Both acute hazards (floods, storm surges, windstorms) and chronic physical risks (rising temperatures, sea-level rise, resource constraints) were evaluated using site-specific data, vulnerability models, and hazard-specific damage curves. Financial implications were estimated for 30 priority sites, covering potential losses to buildings, components, and stock, as well as business interruption.

Physical risk type	Description	Key affected locations	Time horizon
Acute: Extreme weather	Flooding, windstorms, and storm surges disrupting supply chains, increasing costs, and impacting order fulfilment at Hexagon facilities and key supplier sites.	US, Europe, Asia	Short–Medium
Chronic: Rising temperatures	Heat impacts on workplaces, equipment, and surrounding infrastructure; indirect disruption through reduced resource availability.	Global – 13% of sites in high water-stress areas	Medium–Long
Chronic: Sea-level rise	Infrastructure impacts at coastal manufacturing and logistics facilities.	Selected coastal sites	Long
Water availability	1 facility in extremely high-risk water basin; 14 in high-risk basins, identified via WRI Aqueduct and WWF Water Risk Filter assessments.	Global	Medium–Long

Identified opportunities

Resource efficiency

Hexagon's solutions are designed to enhance material and energy efficiency across the industries we serve:

- Manufacturing Intelligence: Metrology tools, 3D scanners, and simulation software optimise designs, reducing material quantity, waste, and energy consumption (e.g., WTX Europe reducing scrap by 93% using TubeInspect, avoiding 180 tCO_2e over 10 years).
- Autonomous Solutions: Mining fleet management systems improve truck and digger coordination, fuel efficiency, and refuelling cycles, reducing emissions (e.g., Archi Indonesia and Norsk Hydro are avoiding ~22,700 tCO_2e annually through a 32% improvement in fuel intensity and fewer supply station trips).
- Geosystems: Digital layout and BIM-integrated surveying solutions cut material waste and labour on construction sites (e.g., Leica iCON has delivered a 20% reduction in concrete waste during construction of the Thermoplan Building in Switzerland).

New products and services

Hexagon's tools and solutions are becoming increasingly relevant in a world striving to mitigate and adapt to sustainability challenges. In the long term, we consider sustainability to be a significant growth opportunity.

In 2025, Hexagon generated approximately EUR 330 million in revenues from data-driven solutions linked to climate and efficiency opportunities, with 4–5% annual growth expected in this segment.

R-evolution initiatives: Investment in green tech including new desalination plants, solar photovoltaic (PV) parks (generating ~30,500 MWh in 2024), and mapping tropical seagrass meadows – powerful carbon sinks – leveraging Hexagon's digital reality solutions.

Digital twins: Used across different industries to optimise designs, enhance efficiency in manufacturing, construction, and infrastructure, and simulate climate impacts (e.g., for EV charging stations or preparing for rising sea levels).

Smart city solutions: Geospatial platforms enable optimised urban planning for sustainable transportation and energy infrastructure.

Impact on business, strategy, and financial planning

Hexagon's 2025 climate change resilience analysis was designed to strengthen operational resilience, inform strategic decision-making, and support long-term sustainable growth. The assessment covered three time horizons: short term (0–5 years), medium term (5–15 years), and long term (15–25 years).

From a physical risk perspective, the analysis indicates that even under the business-as-usual scenario, certain manufacturing locations could face financial losses and business interruptions. This underlines the relevance of climate hazards to operational continuity and financial performance.

From a transition risk perspective, the assessment identified that Hexagon's most significant risks relate to rising procurement costs and potential shortages of critical raw materials. Under the Net-Zero by 2050 scenario, compliance costs and stakeholder demands are expected to increase. Quantitative analysis of carbon taxes and electricity costs indicates these factors are not expected to have a material effect on Hexagon's financial performance at current assessment. Quantitative financial analysis will be extended in 2026–2027 to cover a broader range of climate-related scenarios and impacts.

Concurrently, growing demand for technologies and solutions that support customers' carbon transitions represents a significant strategic opportunity, evidenced by ~EUR 330 million in efficiency-linked revenues in 2025.

Resilience of strategy – Scenario analysis

Hexagon applied three climate scenarios to test the resilience of its strategy across different possible futures, ensuring both physical and transition dimensions were captured in a structured way.

Scenario	Pathway	Warming trajectory	Primary use
SSP1-1.9 – Net Zero by 2050	Paris-aligned; rapid decarbonisation and strong climate policy	1.5 °C	Transition risk and opportunity assessment
SSP2-4.5 – Business as Usual	Historical socio-economic and technological trends	2.7–3 °C	Physical and transition considerations
SSP5-8.5 – High Emission	Continued fossil fuel reliance; limited climate policy action	>4 °C	Physical risk assessment (worst case)

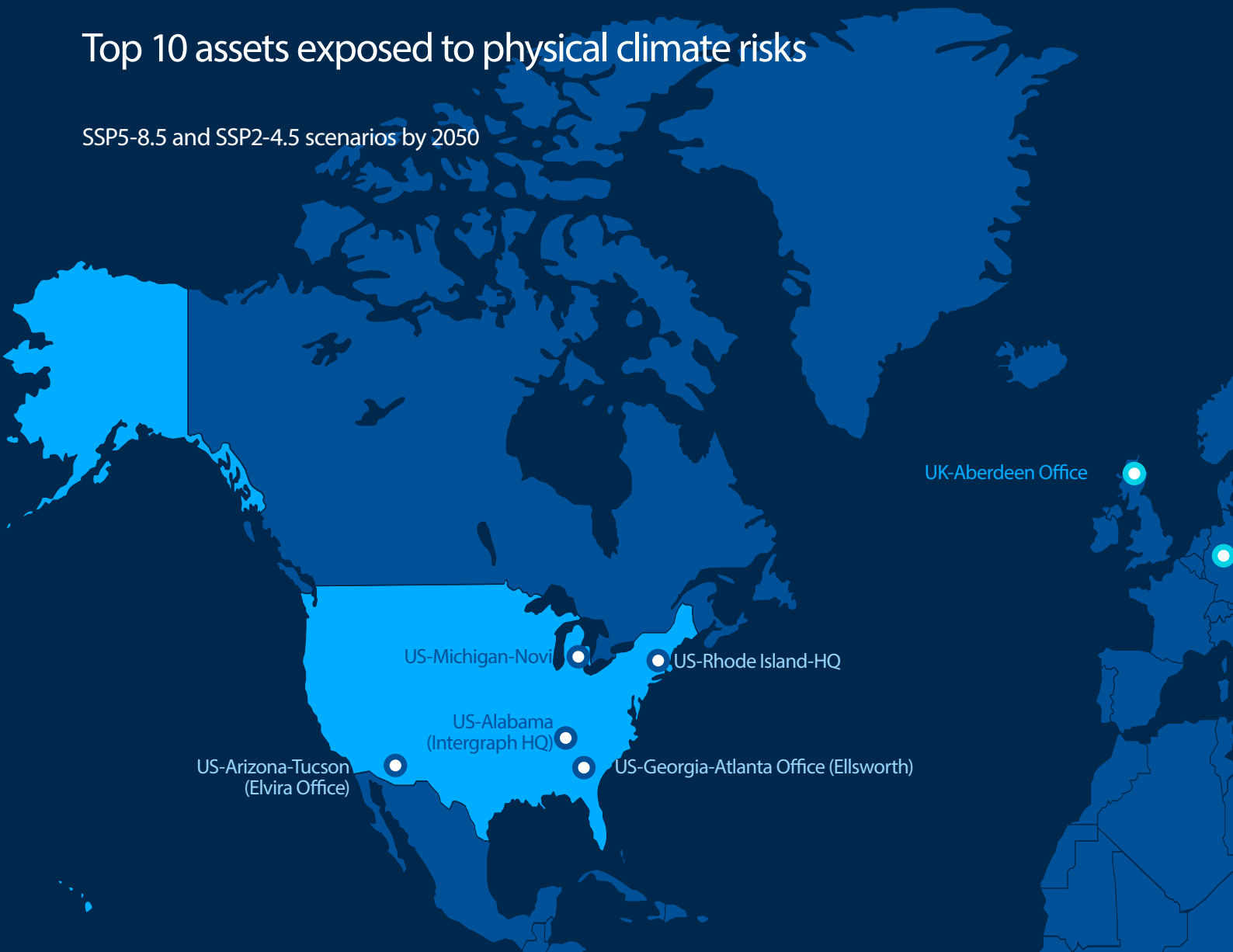
Methodologically, the resilience analysis followed four phases: (1) scoping – scenario selection, time horizons, and site selection; (2) qualitative analysis – physical risks were assessed at the site level by external experts; transition risks were assessed at business-area level using scenario data, stakeholder interviews, and sector information; (3) quantitative analysis – physical losses were estimated for 30 priority sites; transition impacts were quantified for carbon pricing and electricity costs; and (4) resilience and reporting – the review of mitigation and adaptation measures and the development of recommendations for disclosure integration.

The scenario analysis indicates that Hexagon's resilience is shaped by two key dynamics. First, physical hazards can disrupt operations and supply chains and may drive financial loss and business interruption even in the business-as-usual scenario. Second, the transition pathway increases the importance of managing procurement and critical raw material risks, and responding to rising compliance and stakeholder expectations under the Net-Zero scenario – while also strengthening opportunities linked to customer demand for decarbonisation-enabling technologies.

Hexagon has established a solid foundation to manage climate-related risks and seize emerging opportunities. Improvement areas identified include: strengthening governance, implementing more proactive supply chain resilience measures, advancing adaptation planning across business areas, strengthening supplier requirements for Scope 3 delivery, and further quantifying the benefits and contributions of Hexagon's solutions.

Top 10 assets exposed to physical climate risks

SSP5-8.5 and SSP2-4.5 scenarios by 2050



US-Alabama (Intergraph HQ)

Safety, Infrastructure & Geospatial

Key climate risks

–Precipitation
– Tornado
– Hail

US-Rhode Island-HQ

Manufacturing Intelligence

Key climate risks

–Precipitation
– Storm surge
– Hail

US-Michigan-Novi

Manufacturing Intelligence

Key climate risks

–Hail

US-Arizona-Tucson (Elvira Office)

Autonomous Solutions

Key climate risks

–Hot days

US-Georgia-Atlanta Office (Ellsworth)

Geosystems

Key climate risks

– Tornado
– Hail

UK-Aberdeen Office

Autonomous Solutions

Key climate risks

–Wind

Italy-Moncalieri

Manufacturing Intelligence

Key climate risks

–Flood

Singapore-WoodlandsSector Office

Geosystems

Key climate risks

– Precipitation

Germany-Wetzlar Office

Manufacturing Intelligence

Key climate risks

–Flood

Japan-Tokyo Office

Geosystems

Key climate risks

– Precipitation

Resilience to Water-Related Risks

In 2025, Hexagon conducted a comprehensive water risk assessment covering 105 facilities worldwide using the WRI Aqueduct tool and the WWF Water Risk Filter. Level 1 screening identified one facility in an extremely high-risk basin and 14 facilities in high-risk basins. Level 2 site-specific evaluations examined water practices, operational exposure and stewardship maturity.

Approximately 13% of Hexagon sites operate in high- or extremely high-water-stress areas. A scenario-based assessment of 30 critical sites identified 12 locations with very high hazard levels related to water availability and flood risk. To enhance preparedness, water-related risks will be progressively integrated into site-level contingency and business continuity planning over the next two years.

Hexagon has established a three-phase Water Stewardship Action Plan: (1) immediate efficiency improvements (leak detection, low-flow fixtures); (2) medium-term measures (rainwater harvesting, recirculation systems); and (3) longer-term alignment with the Alliance for Water Stewardship Standard, including context-based targets and certification evaluation for high-risk facilities.

5. Risk management

Hexagon applies a structured approach to identifying, assessing, and managing climate-related risks and opportunities across its operations and the value chain. Climate considerations are integrated into the company's broader sustainability governance and enterprise risk management (ERM) processes.

Processes for identifying and assessing climate-related risks

Double Materiality Assessment (DMA): This annual assessment evaluates material topics – including climate change – by considering both the financial impact on Hexagon ("financial materiality") and Hexagon's impact on people and the environment ("impact materiality"). It involves a three-stage process: due diligence to identify potential topics, followed by surveys, workshops, and interviews with diverse internal and external stakeholders (shareholders, employees, suppliers, customers, subject matter experts, investors, and community groups). The assessment covers our entire value chain, including Tier 1 suppliers.

Identified impacts, risks, and opportunities are prioritised using ESRS IRO-1 criteria. Actual negative impacts are assessed based on severity (scale, scope, irremediability); potential negative impacts on severity and likelihood; and positive impacts on scale and scope. Financial materiality is assessed by analysing the likelihood and magnitude of potential effects on growth, financial performance, cash flow, and cost of capital.

Processes for managing climate-related risks

Supplier engagement and supply chain resilience: Recognising that a significant share of Hexagon's GHG emissions originates in the supply chain, Hexagon launched a comprehensive Supplier Engagement Programme in 2024, aiming for 50% of key suppliers to establish SBTi-aligned targets by 2028. In 2025, 114 ESG-related supplier audits were conducted, reinforcing oversight of climate-related risks across the supply chain.

Operational resilience: Hexagon continuously monitors climate-related risks affecting operations and value chains, including increasing regulatory pressures, rising energy costs, and potential disruptions from extreme weather events. These are integrated into strategic planning to strengthen resilience.

Water management: In 2025, Hexagon's comprehensive water risk assessment identified priority sites for enhanced stewardship. The three-phase Water Stewardship Action Plan addresses short-term efficiency improvements, medium-term infrastructure measures, and longer-term framework alignment.

Policy compliance and efficiency: In response to anticipated carbon pricing mechanisms (e.g., in Switzerland), Hexagon's strategy focuses on optimising Scope 1 emissions at major facilities through investments in energy efficiency (CapEx) and electrification of heating systems, mapped in five-year operational unit plans.

Product innovation: Product innovation leverages climate-related opportunities. Hexagon adopts eco-criteria in R&D to lower products' emissions footprint and meet growing customer demand for sustainable solutions. Eco-design training was introduced across hardware R&D in 2025.

Integration into overall risk management

Climate risk management is fully integrated into Hexagon's enterprise-wide ERM framework. The results of the DMA directly inform risk processes, ensuring that identified climate impacts, risks, and opportunities are systematically considered across strategic, financial, operational, and environmental risk categories.

Our business continuity process explicitly includes consideration of climate-change-related and water-related risks, such as storms, floods, and water supply issues, assessing their potential financial impact on individual facilities. These interconnections between environmental dependencies are embedded in the risk catalogue against which our operations and key suppliers are assessed.

6. Metrics, targets, and reporting progress

Hexagon's commitment to robust climate action is supported by a comprehensive framework for measuring and reporting progress. This section outlines the key metrics, performance indicators, and targets, providing transparency and accountability in our journey towards a low-carbon, sustainable economy.

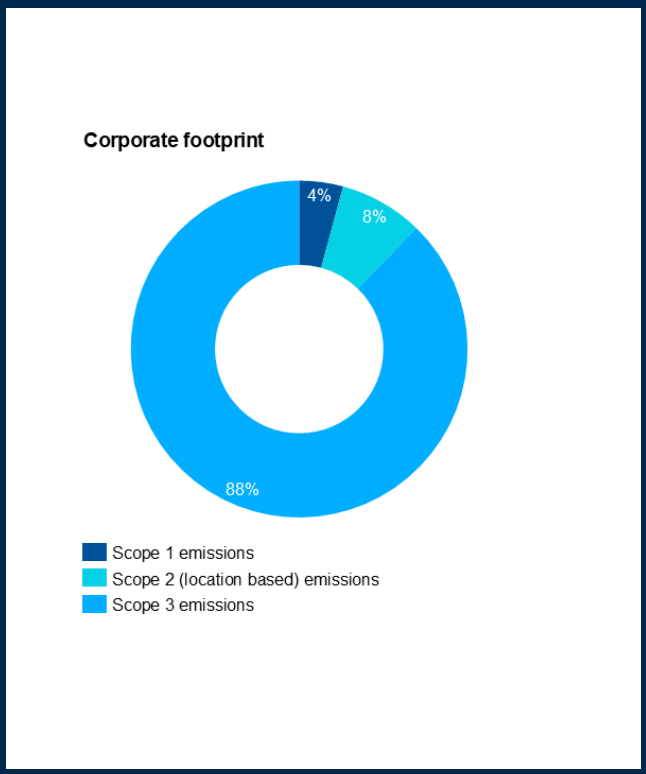
Target progress tracker

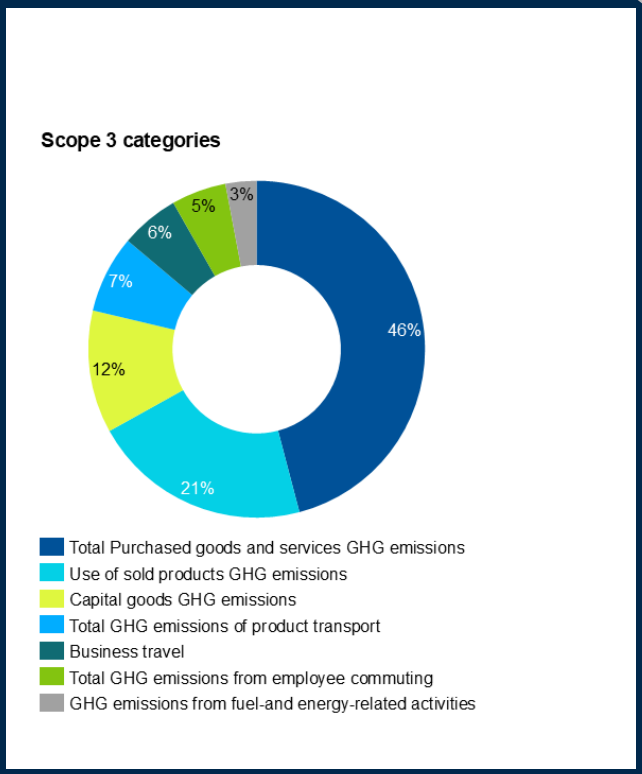
The table below provides a consolidated view of Hexagon's climate-related targets and progress to date, offering stakeholders a single reference point for performance accountability.

Target	Base year value	2025 progress	Target value	Target year	Status
Scope 1 & 2 absolute reduction (vs. 2022)	50,526 tCO_2e	32,694.5 tCO_2e (–29%)	–95%	2030	On track
Scope 3 intensity reduction (per EUR value added)	68.0 tCO_2e/ MEUR	–18%	–51.6%	2030	On track
Renewable electricity share	34.8%	74.4%	100%	2027	On track
Supplier SBTi coverage (by spend)	~0%	10.26% submitted	50%	2028	In progress
Net-Zero (all scopes)	–	SBTi validated	Net-Zero	2050	Committed

Greenhouse gas emissions

Hexagon measures and reports GHG emissions across Scope 1, 2 (market-based), and 3, providing absolute figures and intensity ratios to track decarbonisation progress relative to economic output.





Energy and resource management

Hexagon closely monitors energy consumption, renewable energy adoption, and key resource metrics. Power consumption across facilities has fallen by 24% versus the 2022 baseline, driven by ISO 14001-certified environmental management programmes and targeted investments in energy efficiency.

In 2025, renewable electricity reached 74.4% of total consumption, driven by accelerated renewable energy procurement and the continued operation of on-site solar assets including our Archidona solar park, which has 16.44 MWp installed capacity.

Carbon credits and mitigation measures

Hexagon may utilise carbon credits in limited circumstances as part of its broader climate mitigation approach, particularly for emissions that are currently difficult to reduce. Carbon credits are not used as a substitute for emissions reductions within Hexagon's own operations or value chain and are not applied toward achieving GHG reduction targets.

In 2025, Hexagon invested in Sustainable Aviation Fuel (SAF) to partially mitigate emissions associated with business travel. Through this initiative, Hexagon mitigated approximately 49,000 kg CO_2 – reflecting efforts to address value chain emissions where immediate direct reductions are challenging while continuing to prioritise long-term switch to less emitting methods of transport.

Hexagon's net-zero strategy includes the use of carbon removals to neutralise residual emissions that are difficult to abate. The credits under consideration include direct air capture, bioenergy with carbon capture and storage (BECCS) and nature-based removals. These will be pursued through direct investments in removal technologies and projects rather than market-based offsetting. Permanent carbon removals have not yet been purchased; residual emissions are expected to be neutralised through removals by 2050.

Internal carbon pricing

To strengthen accountability and accelerate progress, Hexagon has integrated climate-related objectives into employee incentive structures. CO_2 reduction targets are now embedded within performance management frameworks across relevant business areas, reinforcing emissions reduction as a core operational priority.

Type of ICP scheme

Hexagon currently applies an implicit internal carbon price, initially as a shadow price with plans to evolve into a carbon levy by 2028. The shadow price is used to guide investment decisions, CapEx, procurement, operational planning, and risk management, ensuring that the carbon impact is financially considered alongside traditional cost metrics. The ICP is applied across 100 per cent of Scope 1 and Scope 2 emissions and 11.6 per cent of Scope 3, covering category 6 Business Travel. The scheme covers all operational geographies and Hexagon entities, representing approximately 20 per cent of Hexagon's total GHG emissions in 2025.

Carbon prices and assumptions

The internal carbon price is determined by benchmarking against established global carbon pricing mechanisms, including carbon offsets, the EU Emissions Trading System (ETS), renewable energy credits, and carbon removal credits. Prices are selected based on observed and forecasted market trends, alignment with carbon taxes, scenario analyses, and the cost of renewable energy procurement. For 2025, the internal price was set at 70 EUR/tCO_2e and is projected to rise to 90 EUR/tCO_2e by 2030, with potential scenarios reaching up to 350 EUR/tCO_2e by 2040. This evolutionary approach reflects anticipated increases in the cost of compliance with carbon regulations and the financial impact of emissions reduction measures. The pricing methodology is reviewed annually to ensure it remains consistent with market conditions and climate science-based trajectories.

Integration into strategic and financial planning

The internal carbon price is used to guide business decisions, drive energy efficiency, incentivise low-carbon investment, and identify cost-effective decarbonisation opportunities. It informs both historical analyses of CO_2 costs (Scope 1 and Scope 2) and forward-looking evaluations of potential projects in Energy, Mobility, and Other operational categories. By including the carbon price in planning and investment decisions, Hexagon strengthens climate-aligned decision-making, supports the achievement of its net-zero targets, and manages financial risks associated with future carbon regulations.

By internalising carbon costs, Hexagon turns emissions into a financial decision driver–accelerating its net-zero pathway.

Product and innovation metrics

Hexagon's product portfolio is a key enabler of global decarbonisation. Avoided emissions enabled for customers – 10 $MtCO_2e$ in 2025 and 49 $MtCO_2e$ cumulatively – represent the most significant measurable climate contribution Hexagon makes.

R&D investment continues to be directed at climate-enabling solutions, with sustainability criteria embedded into Hexagon's Product Innovation Process (HIP) and eco-design training introduced across hardware R&D in 2025. The Archidona solar PV project (EUR ~13 million investment) serves as a real-world testbed for digital twin technologies in renewable energy operations.

Alignment with reporting standards

Standard/framework	Scope of alignment
TCFD	This report's structure and content align with the four TCFD pillars: Governance, Strategy, Risk Management, and Metrics & Targets.
ESRS E1 / CSRD	Hexagon's Sustainability Statement is prepared in accordance with ESRS under CSRD. This report is an expanded companion document to those disclosures.
SBTi	Near-term and Net-Zero targets are SBTi-validated.
CDP	Detailed emissions data is consistent with CDP reporting principles. CDP rating improvements achieved in 2025.
GRI / SASB	Disclosures align with GRI Universal Standards (2021) and SASB standards for comparability and transparency.
WBCSD Avoided Emissions	Avoided Emissions Framework complies with WBCSD Guidance on Avoided Emissions (3-gate eligibility framework).
EU Taxonomy	EU Taxonomy Regulation Report 2025 is disclosed within the Annual and Sustainability Report.

7. Decarbonisation pathways

Hexagon is committed to achieving its ambitious net-zero targets through a multifaceted decarbonisation strategy that addresses emissions across direct operations, the value chain, and solutions for customers. Our approach integrates internal operational changes with external collaboration and continuous innovation. To operationalise these commitments, Hexagon has developed dedicated Net-Zero roadmaps across its business areas, translating group-level SBTi targets into concrete, actionable plans.

Raising Awareness: Improving Skills and Competencies

To embed climate action throughout the organisation, Hexagon focuses on building skills and competencies among employees and key stakeholders:

- Climate capability building: Group-wide employee training programmes describe how climate change impacts our value chain and provide guidance on mitigation strategies for different operating functions. Employees have completed training on CO_2 emissions and mitigation practices. Training was also extended to key suppliers.

- Quarterly Business Reviews (QBRs): As part of our regular management process, QBRs for all Hexagon Business Areas include discussions on progress against their specific ESG (Environmental Social and Governance) priorities, which includes CO_2 reduction targets, ensuring continuous monitoring and accountability at the Business Area level.

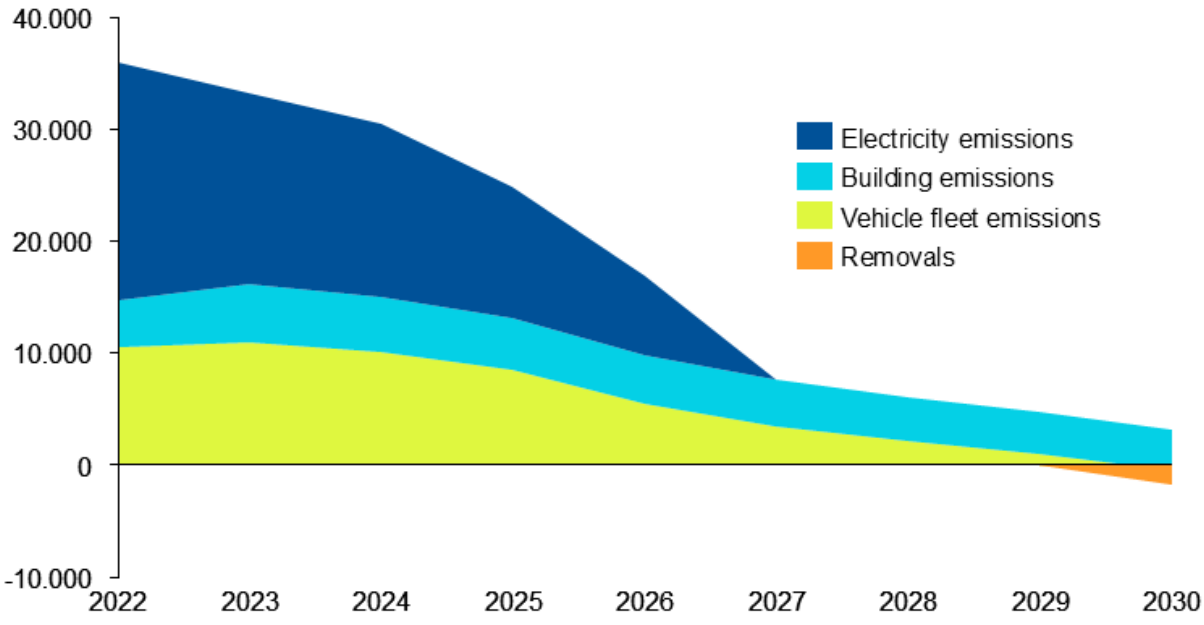
- Eco-design training: Initiated in 2023, eco-design training within hardware R&D embeds sustainability considerations into product development processes by raising awareness of lifecycle environmental impacts.

Operational decarbonisation

Hexagon's strategy for reducing direct (Scope 1) and indirect (Scope 2) operational emissions combines energy efficiency initiatives, renewable energy adoption, and fleet electrification.

- Energy efficiency initiatives: Hexagon facilities have implemented an improvement programme that has achieved a 24% reduction in power consumption versus the 2022 base year across the portfolio, despite increased business activity. Site-level investments required for energy efficiency are mapped in five-year operational unit plans.
- Renewable energy procurement: Hexagon is actively increasing total installed capacity for renewable energy production, including photovoltaic energy. In 2025, the share of renewable electricity reached 74.4% (up from 34.8% in 2022). The Archidona solar park (a 16.44 MWp facility in Málaga, Spain) is a key asset in this transition.
- Green vehicle framework: Hexagon's green vehicle framework guides the transition of the company car fleet towards lower-emission alternatives. In 2025, combustion vehicles decreased by 11% while the EV share reached 13.1% of the total fleet - progress towards the 90% EV target by 2030.
- For emissions that are currently difficult to reduce – such as those requiring direct air capture, bioenergy with carbon capture and storage (BECCS), or nature-based solutions with long-term storage – Hexagon will use carbon removals to address the remaining impact. These removals will be delivered through direct investments in approved technologies and projects, helping

Scope 1 & 2 reduction roadmap (tonnes CO_2e)



Value chain decarbonisation

Addressing Scope 3 emissions is a critical component of Hexagon's decarbonisation pathway, given that purchased goods and services represent the largest contributor (~50%) to our corporate carbon footprint.

Supplier Engagement Programme

Launched in 2024, this programme aims for 50% of suppliers by spend on purchased goods and services to have science-based targets by 2028. Key aspects of this programme are:

- Hexagon's Supplier Code of Conduct requires suppliers to comply with applicable environmental regulations and international standards, aligned with the UN Global Compact and ILO conventions.
- In 2024, approximately 10.26% of suppliers by spend had submitted SBTi targets, with 7% having SBTi-validated net-zero targets. The programme provides suppliers with training and guidance in carbon accounting.
- In 2025, Hexagon conducted 114 ESG-related supplier audits – including on-site assessments and self-assessments – covering labour practices, human rights, anti-corruption, and environmental governance.

Improving logistics

Strategies are in place to address upstream and downstream transportation emissions, with a target of 20% CO_2 reduction in logistics emissions by 2027. In 2025, Hexagon also invested in SAF to partially offset business travel emissions (~49,000 kg CO_2 mitigated).

Minimising cloud storage emissions

A significant portion of Hexagon's operations is software-related, meaning cloud computing and storage account for a substantial part of the total carbon footprint. Hexagon's project with a major cloud provider maps and aims to reduce unnecessary emissions by purchasing server capacity hosted with green energy and optimising existing computing and storage resource utilisation.

Enabling customer decarbonisation – Avoided Emissions

Hexagon's most significant contribution to a low-carbon economy lies in its ability to enable customers to reduce their environmental footprint through its products and solutions. The Avoided Emissions Framework, fully implemented in the Business Areas during 2025 and compliant with WBCSD Guidance, quantifies this positive climate impact.

Customer climate impact – 2025 headline figures

- 10 $MtCO_2e$ avoided emissions enabled for customers in 2025
- 49 $MtCO_2e$ cumulative historical avoided emissions to end-2025
- ~30 solutions quantified under WBCSD guidance

Hexagon reports only on conducted case studies – the reported figures represent a conservative lower bound of actual avoided emissions.

The following case studies illustrate the scale and diversity of Hexagon's climate contribution to customers:

Wind turbine gearbox design – Enabling renewable energy at scale

By far the most impactful project: Hexagon's gearbox design for wind turbines supported the installation of 16.6 GW of wind power in China and India between 2011 and 2023 – accounting for over 90 % of Hexagon's 2024 quantified avoided emissions. Avoided emissions are calculated relative to a scenario in which electricity would have been supplied by the conventional grid mix.

Peña Colorada mine – 26% waste reduction

Mexico's Peña Colorada iron ore mine used Hexagon's MinePlan Schedule Optimiser (MPSO) for geo-modelling, mine planning, and operations. Compared to the 2012 Life of Mine plan, actual

waste between 2019 and 2023 was reduced by 26%, avoiding 71,000 tCO_2e – equivalent to the annual emissions of 19,000 Mexican residents – while delivering USD 35 million in project value.

Lightweight materials cutting 8,000 tCO_2e annually in automotive

Sumika Polymer Compounds used Hexagon's Digimat software to enable automotive manufacturers to replace traditional materials with THERMOFIL HP® – a lightweight, recyclable polypropylene compound achieving 50–80% lower carbon footprints and combined annual avoided emissions of ~8,000 tCO_2e.

Digital twin enabling rooftop solar in Klagenfurt

Hexagon developed a digital twin for Klagenfurt, Austria, enabling city authorities to conduct feasibility and economic analyses for rooftop solar installations. Since 2021, solar power growth in the city has run approximately 50 percentage points above the Austrian national average.

Forest conservation with geospatial analytics

Hexagon's ERDAS IMAGINE software enabled Karnataka State Remote Sensing Applications Centre to conserve primary forests and reduce deforestation across three Indian states, avoiding an annual average of 660,000 tCO_2e (accumulated 5.3 $MtCO_2e$ between 2016 and 2023).

Mining fleet management – 22,600 tCO_2e avoided

Hexagon's Mining Fleet Management System (FMS) demonstrated a 32% improvement in fuel intensity at an Indonesian gold mine by optimising fleet movement. This resulted in approximately 22,600 tCO_2e of avoided emissions in 2024.

Reducing scrap and emissions with TubeInspect

WTX Europe's implementation of Hexagon's TubeInspect solution eliminated 93% of scrapped parts in tube production, avoiding 180 tCO_2e over the solution's 10-year lifetime through reduced material waste and energy consumption.

ArcelorMittal – 14,000+ tCO_2e annually

ArcelorMittal used Hexagon technologies to enhance geo-modelling and mine planning. Cumulative mined waste was reduced by 26% between 2019 and 2023, saving over 27 million litres of diesel – an average annual CO_2 reduction of more than 14,000 tCO_2e.

Precision agriculture – Santa Helena Mill

Hexagon's HxGN AgrOn platform reduced harvester idling by 3 percentage points, avoiding 170 tCO_2e annually (equivalent to 78 Brazilian residents' carbon footprint) and saving 5,667 litres of fuel monthly.

Leica MC1 machine control – construction productivity

During capping earthworks on a 25 km Romanian motorway, Hexagon's MC1 machine control system improved productivity by 18.5%, saving 3,278 litres of diesel and avoiding approximately 9 tCO_2e for the project section.

Carbon neutrality roadmap

Hexagon is executing a clear roadmap towards net-zero GHG emissions across the value chain by 2050, validated by the SBTi.

Milestone	Target	Status
95% absolute Scope 1 & 2 reduction vs. 2022	2030	29% achieved by end-2025
100% renewable electricity	2027	74.4% achieved
50% of suppliers (by spend) with SBTi targets	2028	13% submitted
51.6% Scope 3 intensity reduction	2030	18% achieved
Net-Zero across value chain	2050	Validated by SBTi
Carbon removals to neutralise residuals	2050	Planning phase

The carbon programme is estimated to deliver roughly 100,000 tonnes of annual carbon emission reductions by 2030. For current hard-to-abate emissions (e.g., on-site combustion heaters), permanent carbon removals will be used at the end of the net-zero pathway.

8. Innovation for a sustainable future

Hexagon's core business is built on innovation, and this drive is central to our commitment to a sustainable future. We continuously invest in R&D to create technologies that enhance efficiency and productivity and directly address critical climate challenges for our customers and within our operations.

Enabling customers' climate goals

Technologies Supporting Climate Adaptation and Mitigation

Smart manufacturing for energy efficiency: Manufacturing Intelligence solutions – including metrology tools, 3D scanners, and simulation software – optimise production processes to significantly reduce material waste, scrap rates, and energy consumption, directly lowering customer carbon footprints.

Geospatial solutions for climate risk: Hexagon's Infrastructure and Geospatial solutions provide tools for understanding and responding to environmental changes: detailed mapping for climate risk assessment, disaster preparedness, and proactive planning for floods, wildfires, and droughts.

Autonomous systems reducing waste and emissions: Autonomous solutions optimise resource inputs in agriculture, enhance fleet efficiency in mining, and enable precise, resource-efficient operations, leading to reduced material waste and lower fuel consumption.

R-evolution green-tech investments: Through R-evolution, Hexagon invests in and scales solutions directly combating climate change: desalination optimisation (Desolenator partnership), solar PV energy generation (~25,000 MWh yearly production), seagrass meadow mapping (to enable quantification of blue carbon sequestration credits), and biodiversity monitoring (Green Cubes).

Integrating climate considerations in R&D process

Sustainability is embedded throughout the lifecycle of Hexagon's products from the earliest design stage. New solutions are developed through the Hexagon Innovation Process (HIP), which drives continuous improvement across hardware, software, and services. ESG criteria are applied during product development to assess the environmental impact of design alternatives, including lifecycle assessments (LCAs) covering materials, logistics, manufacturing, usage, and end-of-life scenarios. Hexagon's ambition is to incorporate supplier component data to enable full cradle-to-gate assessments, supporting climate-conscious decision-making across both upstream and downstream value chains.

All products with the potential to generate avoided emissions during their use phase are also systematically mapped and quantified. Avoided emissions capture the greenhouse gas reductions achieved when customers use Hexagon's solutions – shifting focus from Hexagon's direct footprint to the broader climate benefits enabled across its value chain. By helping customers reduce waste, optimise energy use, and accelerate low-carbon technologies, Hexagon's portfolio delivers a measurable contribution to global decarbonisation.

9. Engagement strategy

Hexagon recognises that addressing complex climate challenges requires broad collaboration and active engagement with diverse stakeholders. Our engagement strategy is designed to foster transparency, drive collective action, and ensure our climate initiatives are informed by, and responsive to, the needs and insights of those within and beyond our organisation.

Policy engagement

Hexagon meets regularly with organisations such as ICC Sweden (International Chamber of Commerce Sweden) to share best practices on environmental activities and commitments. This engagement drives environmental action and supports upcoming regulations, acknowledging ICC's role in influencing policies at national and European levels.

Hexagon is a member of the following environmental collaborative frameworks and initiatives:

- Pledge to Net-Zero
- Race to Zero Campaign
- Science Based Targets initiative (SBTi)
- UN Global Compact

Partnerships & collaborations

SBTi: Hexagon's climate targets are SBTi-validated. As part of our commitment, we actively collaborate with suppliers, providing training, guidance on carbon accounting, and support for SBTi submissions – targeting 50% supplier spend with SBTi targets by 2028.

UN Global Compact: As a participant, Hexagon aligns operations and strategies with the ten principles of the UNGC, including environmental protection.

Sixth Sense (Open Innovation): Hexagon's open innovation platform connects with ambitious scaling start-ups focused on sustainability and AI integration. Chosen start-ups receive coaching, workshops, funding, access to Hexagon products, and customer exposure – fostering co-creation of solutions that decarbonise the industries we serve.

Stakeholder engagement

Investors and shareholders: Engaged through regular Hexagon-specific meetings and exchanges, seminars, and the Double Materiality Assessment process. Purpose: to provide transparency on ESG performance, manage risks, strengthen relationships, and refine disclosures to comply with global standards.

Customers: Engaged through industry-specific events, customer engagement programmes, and User Group meetings. The Avoided Emissions Framework is a direct output of this engagement, quantifying the climate benefits our solutions provide.

Suppliers: Engaged through the Supplier Engagement Programme, training on carbon accounting, ESG audits, and integration of climate expectations into supplier management frameworks. The goal is collaborative decarbonization with long-term sustainable impact.

NGOs and academia: Collaborative partnerships through R-evolution, research institutions and start-ups on green technology development.

Employees: Employee engagement on climate matters is critical to delivering Hexagon's decarbonisation roadmap. All employees have completed training on CO_2 emissions and mitigation practices. CO_2 reduction targets are embedded in performance management frameworks across the relevant business areas, creating direct accountability at every level of the organisation. Climate progress is discussed at QBRs across all divisions, ensuring sustained momentum and transparency.

10. Future roadmap

Hexagon's vision for the next 5 – 10 years

Hexagon is committed to supporting a transition to a low-carbon, sustainable economy. Our roadmap focuses on reducing environmental impact across our own operations and supply chain, while also enabling our customers to progress toward their net-zero ambitions through our innovative solutions.

Over the next 5–10 years, we envision Hexagon's technology playing an even more critical role in addressing some of the world's most pressing climate challenges.

Upcoming climate-related initiatives and expansion

Initiative	Expected milestone	Timeline
Achieve 100 % renewable electricity in operations	Complete transition from RECs to direct PPAs where possible	2027
Quantify financial impacts of climate risks	Extend quantitative scenario analysis to full risk spectrum	2026–2027
Expand supplier SBTi coverage	Progress towards 50% of procurement spend with SBTi targets	2028
Reassess site-level climate adaptation plans	Prioritise 30+ sites identified in physical risk assessment	2026–2027
Align water stewardship with Alliance for Water Stewardship Standard	Certification for high-risk basin facilities	2027–2028
Explore permanent carbon removal investments	Identify and pilot removal technologies/ projects	2026–2027
TNFD nature risk reporting	Initiate TNFD-aligned nature risk assessments	2026

Scaling impact

Hexagon's most significant long-term climate contribution will come through the scaling of its technology portfolio. As demand for decarbonisation-enabling solutions grows across manufacturing, construction, transportation, and utilities, Hexagon's unique position at the intersection of sensors, software, and autonomous systems becomes an increasingly powerful climate differentiator.

We remain committed to the belief that putting data to work can accelerate the global transition to a net-zero economy – and that Hexagon's role in that transition is both a responsibility and a commercial opportunity.

11. Appendix

Technical details – Methodology for measuring and calculating emissions

Hexagon's GHG accounting methodology follows the GHG Protocol Corporate Standard. Key methodological principles:

Organisational boundary: Operational control approach. Fully consolidated entities are included; joint ventures and minority-owned investments are excluded unless Hexagon exercises operational control.

Scope 1: Direct emissions from sources owned or controlled by Hexagon, including stationary combustion (natural gas, oil, and LPG used in facilities), mobile combustion (company-owned or leased vehicles), and fugitive emissions from refrigerants.

Scope 2: Indirect emissions from the generation of purchased electricity. Both market-based (using supplier-specific emission factors, RECs, and guarantees of origin) and location-based (using national/regional grid average emission factors) figures are reported. Market-based is the primary metric for target-setting.

Scope 3: Indirect value chain emissions reported across multiple GHG Protocol categories. Primary contributors include purchased goods and services (Category 1), capital goods (Category 2), upstream transportation (Category 4), business travel (Category 6), employee commuting (Category 7), downstream transportation (Category 9), and use of sold products (Category 11). Estimation methodologies include spend-based, activity-based, and supplier-specific data where available.

Base year: 2022 for all GHG targets. Corrections were made to 2024 comparative data for GHG Scope 1, 2, and 3 (including company car travel, energy use at facilities, and business travel); total impact was non-material (under 1.5% change).

Avoided emissions: Quantified in accordance with WBCSD Guidance on Avoided Emissions using a three-gate eligibility framework. Results reflect conducted customer case studies without scaling to product-level, representing a conservative lower bound. Only net avoided emissions (after deducting the product's own lifecycle emissions) are reported.

External assurance: Hexagon's GHG data is subject to external limited assurance as part of the ESRS/CSRD Sustainability Statement assurance process.

Glossary

Term / Acronym	Definition
BECCS	Bioenergy with Carbon Capture and Storage
CDP	Carbon Disclosure Project
CSRD	Corporate Sustainability Reporting Directive (EU)
DMA	Double Materiality Assessment
ESRS	European Sustainability Reporting Standards
EV	Electric Vehicle

Term / Acronym	Definition
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
IPCC	Intergovernmental Panel on Climate Change
ISSB	International Sustainability Standards Board
IRO	Impact, Risk, or Opportunity (ESRS terminology)
$MtCO_2e$	Million tonnes of CO_2 equivalent
PPAs	Power Purchase Agreements
QBR	Quarterly Business Review
RECs	Renewable Energy Certificate
SAF	Sustainable Aviation Fuel
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets initiative
Scope 1	Direct GHG emissions from sources owned or controlled by the organisation
Scope 2	Indirect GHG emissions from the generation of purchased energy
Scope 3	All other indirect GHG emissions in the organisation's value chain
SSP	Shared Socioeconomic Pathway (IPCC climate scenario framework)
tCO_2e	Tonnes of CO_2 equivalent
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UNGC	United Nations Global Compact
WBCSD	World Business Council for Sustainable Development

Contact and feedback

For questions or feedback regarding this report, please contact:

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Hexagon welcomes dialogue with investors, customers, suppliers, and other stakeholders on climate matters. Feedback on this report is used to improve future disclosures and strengthen our engagement with the topics most material to our stakeholders.